



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

July 27, 2004

Lon Thomas
Star Stone Quarries, Inc.
4040 South 300 West
Salt Lake City, Utah 84107

Subject: Abatement of Division Directive and Acceptance of "Transitional" Reclamation Contract and Reclamation Surety, Star Stone Quarries, Inc., Torrey Quarry, M/055/016, Wayne County, Utah

Dear Mr. Thomas:

On July 19, 2004, the Director of the Division of Oil, Gas and Mining formally approved the form and amount of "transitional" reclamation surety for Star Stone Quarries, Torrey Quarry mine. The transitional reclamation surety in the amount of \$35,000 is in the form of a Certificate of Deposit issued by Wells Fargo Bank. *The transitional surety is intended to temporarily cover the anticipated reclamation costs for the current seven (7) acres of disturbance at the Torrey Quarry. The transitional surety will remain in place until the large mining notice of intention is approved, but for no longer than a 12 month period.*

On July 6, 2004, the Division received your Notice of Intention to Commence Large Mining Operations for this site. With receipt of that application and the filing of this Transitional Reclamation Surety, the mitigation items outlined in the April 14, 2003 Division Directive are now satisfied. The Division Directive is hereby abated.

You may continue mining operations within the current seven acre disturbed area footprint. **Please assure that you do not mine or expand beyond this seven acre disturbed area footprint.**

Once we have determined the LMO application complete, we will be prepared to issue tentative approval. At that time we will publish our decision to grant tentative approval of this project in the local area and Salt Lake newspapers,

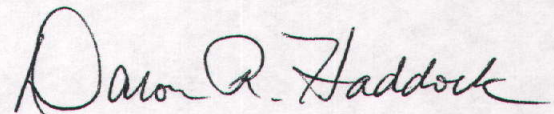
Lon Thomas
Page 2 of 2
M/055/016
July 27, 2004

which will begin a 30-day public comment period. **If the surety needs to be adjusted, the revised reclamation surety and a new Reclamation Contract must also be submitted, prior to the end of the 30-day public comment period.**

Please be advised that you must submit your large mining application to and acquire formal approval from the Bureau of Land Management, as this project is located on federally managed land.

Enclosed please find copies of the fully signed and executed "transitional" Reclamation Contract and Certificate of Deposit for your files. We look forward to finalizing the large mine permit approval process for this site. Thank you for your help toward this end.

Sincerely,



Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:PBB:jb

Enclosure: Transitional RC & CD w/cover letter

cc: Buzz Rakow, BLM, Henry Mountain FS, w/Encl

O:\M055-Wayne\M0550016-TorreySandstone\final\accept-transitional-07272004.doc

cc: - Ofie Abeyta. BLM state office w/encl.

DOGM File Number M/055/016
Effective Date July 19, 2004
Other Agency File Number UTU-70593

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

TRANSITIONAL RECLAMATION CONTRACT
---ooOoo---

RECEIVED

MAY 11 2004

DIV. OF OIL, GAS & MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)
(Mineral Mined)

M/055/016
Sandstone

"MINE LOCATION":
(Name of Mine)
(Description)

TORREY QUARRY
- 2 miles east of Torrey, UT
- near Calf Canyon

"DISTURBED AREA":
(Disturbed Acres)
(Legal Description)
(Topographic Map)

7 acres
(refer to "Attachment A")
("Attachment C", disturbed area boundary)

"OPERATOR":
(Company or Name)
(Address)

STAR STONE QUARRIES, INC.
4040 South 300 West
Salt Lake City, UT
84107
(801) 202-4300

(Phone)

"OPERATOR'S REGISTERED AGENT":
(Name)
(Address)

LON THOMAS
4040 South 300 West
Salt Lake City, UT
84107
(801) 202-4300

(Phone)

OPERATOR'S OFFICER(S)":

LDW THOMAS, PRESIDENT

"SURETY":

(Form of Surety - Attachment B)

Certificate of Deposit

"SURETY COMPANY" (Name)
(Policy or Acct. No.)

Wells Fargo Bank

"SURETY AMOUNT":

\$ 35,000.00

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between STAR STONE QUARRIES, INC. the "Operator" and the Utah State Division of Oil, Gas and Mining (Division). A Reclamation Contract is required under Utah Mined Land Reclamation Act, Sections 40-6-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules.

WHEREAS, Operator has exceeded the approved five (5) acre threshold for a small mining operation, R647-3-113, and Operator desires to continue mining operations for an "interim" period of not more than 12 months, upon areas already disturbed totaling 7 acres. Within 90 days of the filing of this contract and reclamation surety, the operator agrees to file a complete Notice of Intention to Commence Large Mining Operations (Form MR-LMO) describing a detailed mining and reclamation plan for continued operations at this site. An approved Large Mining Notice of Intention must be in place at the end of a 12 month time period following Division receipt of this contract. Any extension of this filing time period will be in writing and at the sole discretion of the Division.

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division.

The approved form and amount of surety is attached hereto as Attachment D and made a part hereof. The surety shall remain in full force and effect according to its terms unless modified by the Division in writing. If the form of surety expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the surety, the Operator shall provide a replacement surety in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement surety, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.

3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules including but not limited to, the previously accepted Small Mining Notice, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies 1) that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, and the previously accepted Small Mining Notice, as amended, or 2) until a mining and reclamation plan for a large mining operation has been approved by the Division and the final Reclamation Contract and surety are in place.
6. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
7. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
8. This Contract shall be governed and construed in accordance with the laws of the State of Utah, and is in addition to any other rights and authorities the Division and Board have to seek relief from the Operator.
9. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.

10. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an Order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an Order to revoke the Small Mining Notice of Intention, order reclamation, or order forfeiture of the surety, or take such other action as is authorized by law.
11. In the event of forfeiture of the surety, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the surety, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
12. This Contract including the Small Mining Notice of Intention, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
13. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

STAR STONE QUARRIES, INC.

Operator Name

By LDN THOMAS

Authorized Officer (Typed or Printed)

PRESIDENT

Authorized Officer - Position

Lon Thomas
Officer's Signature

5-11-04
Date

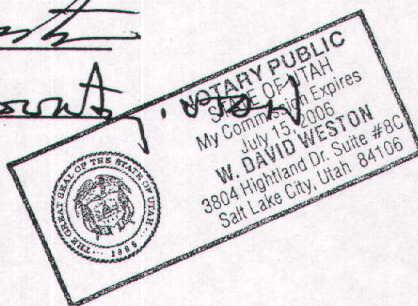
STATE OF UTAH)
COUNTY OF SALT LAKE) ss:

On the ^{TA} 11 day of MAY, 2004, LDN THOMAS
personally appeared before me, who being by me duly sworn did say that he/she is the _____
of STAR STONE QUARRIES INC. and duly
acknowledged that said instrument was signed on behalf of said company by authority of its
bylaws or a resolution of its board of directors and said LDN THOMAS
duly acknowledged to me that said company executed the same.

[Signature]
Notary Public

Residing at SALT LAKE COUNTY

7.15.06
My Commission Expires:



DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director

Date 7/19/07

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 19th day of July, 2007, Lowell P. Braxton personally appeared before me, who being duly sworn did say that he, the said Lowell P. Braxton is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he duly acknowledged to me that he executed the foregoing document by authority of law on behalf of the State of Utah.



Joelle Burns
Notary Public
Residing at: Salt Lake City, Utah

April 4, 2005
My Commission Expires:

ATTACHMENT "A"

STAR STONE QUARRIES, INC.

Operator

TORREY QUARRY

Mine Name

Permit Number

WAYNE

County, Utah

LEGAL DESCRIPTION

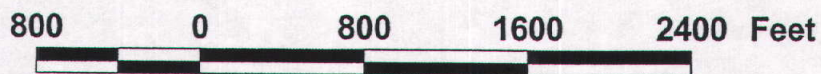
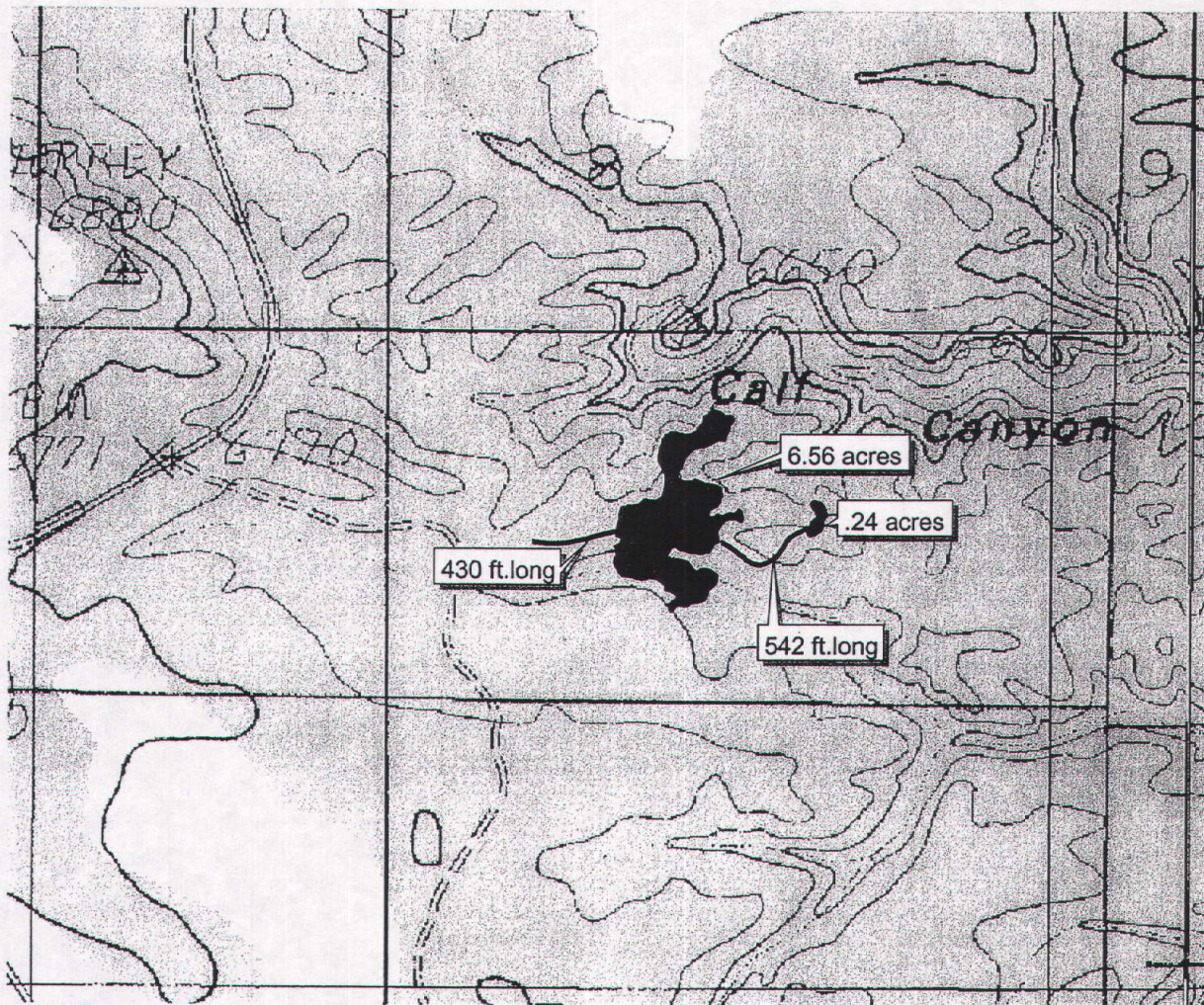
Include 1/4, 1/4, 1/4 sections, townships, ranges and any other descriptions that will legally determine where disturbed lands are located. Attach a topographic map of suitable scale (max. 1 inch = 500 feet; 1 inch = 200 feet or larger scale is preferred) showing township, range and sections and a clear outline of the disturbed area boundaries tied to this Reclamation Contract and surety.

The detailed legal description of lands disturbed is:

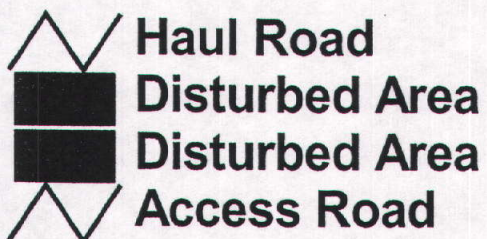
Section 8 NW 1/4 of SE 1/4 T28S R4E
Section 8 SW 1/4 of SE 1/4 T28S R4E

Torrey(AM Stone 100 & 101)

M/055/016



Location: Section 8, S 1/2,
T 28 S, R4 E, USGS Quad-Torrey, Utah
Inspection Date: September 20, 2002



This product may not meet DOGM standards for accuracy and content. Different data sources and input scales may cause some misalignment of data layers.



OLENE S. WALKER
Governor
GAYLE F. McKEACHNIE
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES Division of Oil, Gas & Mining

ROBERT L. MORGAN
Executive Director

LOWELL P. BRAXTON
Division Director

May 4, 2004

RECEIVED
MAY 10 2004
DIV. OF OIL, GAS & MINING

Wells Fargo Bank, N.A.
299 South Main Street, 11th Floor
Salt Lake City, Utah 84111
(801) 246-1325

Attention: Greg Nielson, Relationship Manager

Subject: Reclamation Surety, Certificate of Deposit for Star Stone Quarries, Inc.'s, Torrey Mine Site,
M/055/016, Wayne County, Utah
Certificate of Deposit no. _____, Principal Amount \$35,000.

This letter describes the mutually agreed upon instructions of the below signed parties to Wells Fargo Bank ("Bank"), regarding the control, redemption, and release of Bank's above-described certificate of deposit ("CD"), which is being used as a surety to guarantee the availability of reclamation funds for the Torrey mine site ("Mine Site"), Wayne County, Utah. It is the intention of the parties that the CD be utilized as surety to guarantee that \$35,000 in reclamation funds will be available to the State of Utah, Division of Oil, Gas & Mining ("Division") and the United States Department of Interior - Bureau of Land Management ("USDOI-BLM") upon demand in the event that the operator(s) of the Mine Site are unable or unwilling to complete reclamation of the mine site in compliance with applicable state law and regulations.

Ownership and Renewal:

Ownership of the CD is retained by Star Stone Quarries, Inc, a Utah corporation, ("Owners"), but it is held by Bank for the benefit of the State of Utah, Division of Oil, Gas & Mining and USDOI-BLM and is subject to the terms and conditions described in this agreement. The CD shall automatically renew indefinitely until either redeemed or released by both the Director of the Division and the authorized officer of USDOI-BLM.

Redemption:

The CD may only be redeemed (i.e., called on demand), pursuant to the written instruction or demand of both the Director of the Utah Division of Oil, Gas & Mining and the authorized officer of USDOIBLM to the Bank. Upon the instruction and demand of the Director and authorized officer of USDOIBLM, the full initial amount of the CD shall be transferred to the State of Utah, Division of Oil, Gas and Mining. Owners agree and irrevocably instruct Bank that neither the Owner(s), nor any other person claiming an ownership interest in the CD which is derived from the Owners, shall have the authority to prevent the Bank from carrying out the Director's instruction to redeem the CD. Upon redemption, any accrued interest in excess of the initial amount of the CD shall be transferred to Owners control, or if Owners do not instruct the Bank, the accrued interest shall be reinvested in the CD. If a signature card is prepared, it shall be drafted consistent with the requirement that only the Director of the Division and the authorized officer of USDOIBLM may redeem the CD.

Release:

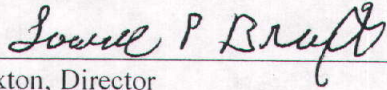
The bank shall release the CD only upon the written instruction of both the Director of the Division and the authorized officer of USDOIBLM to the Bank. Upon release, the terms and conditions of this agreement are no longer in effect, and the unconditioned control of the CD shall be returned to the Owner, or their legal successors-in-interest.

Accrued Interest:

Prior to release or redemption, all interest which accrues by the CD shall be 1) dispersed quarterly to the Owner as the Owner may instruct the Bank, or 2) shall be reinvested in the CD until such time the Owner may instruct the Bank where to transfer such interest. In no event shall the Bank transfer any amount from the CD which would cause the redemption amount of the CD to be less than the initial amount, \$35,000. All tax liabilities for accrued interest shall remain the sole responsibility of the Owners.

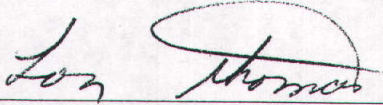
Bank will not be held liable for any dispute between the parties.


Agreed Upon By:



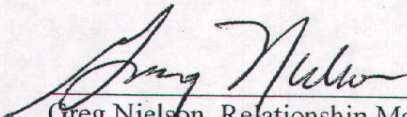
Lowell P. Braxton, Director
Utah Division of Oil, Gas & Mining

Date: 7-19-04



Lon Thomas, President
Star Stone Quarries, Inc.
Tax ID Number. 

Date: 5-05-04



Greg Nielson, Relationship Manager
Wells Fargo Bank

Date: 5/7/04

O:\M055-Wayne\s0550016-TorreySandstone\final\CD-joint-torrey-05032004.doc

Wells Fargo Store Vision Platform

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Account[Search](#) | [Sales](#) | [Banker](#) | [Admin](#) | [Main Menu](#) | [Sign Off](#)

BUSINESS CDA < 100,000

Bank 00119

Account

[Detail](#) | [Address](#)**Time Account Detail**[Maintain](#) | [Select action ...](#)

GO

Tax Responsible Customer STAR STONE QUARRIES INC.

Sole Owner

Additional Customers LON THOMAS

Signer

Statement/Mailing Name STAR STONE QUARRIES INC.

FOR THE BENEFIT OF THE STATE OF UTAH

DOGM AND USDOI-BLM FOR TORREY M-055-016

Account EIN

87-0648219

Certified Exempt C

Basic

Current Balance

**not available

Status

Term Length

3 Months

Pledged

Current Issue Date

04/30/2004

Holds

Current Maturity Date

07/30/2004

Automatic R.

Date Opened

04/30/2004

Cost Center/

Grace Period

Not in Grace - New Account

Book Entry

Location

2152 UTAH BBG

UTAH BBG

180 SOUTH MAIN ST

SALT LAKE CITY, UT 84101

Officer

89345 NIELSON, GREG 801-246-1325

Interest

Interest Rate

0.85%

Rate Indicat

Interest Paid YTD

\$49.61

Trade-a-Rate

Payment Method

Compounding

Payment Fre

Advance Interest Payment

\$0.00

**** HARD HOLD**[Search](#) | [Sales](#) | [Banker](#) | [Admin](#) | [Main Menu](#) | [Sign Off](#)

svp-mn-01b

801- 359- 3940.

RECEIVED

JUL 07 2004

DIV OF OIL GAS & MIN.

Deposit / Contribution Amendment Receipt

WELLS
FARGO

Time Account Receipt/Disclosure

Bank name

Wells Fargo Bank, N.A.

Time Account number

Date opened

04/30/2004

Term of Time Account

3 months days

Maturity date

Your Time Account will mature on

07/30/2004

Interest rate

0.85

Fixed rate

X

Variable rate

Annual percentage yield

0.85

Interest will be paid

EVERY 01 MONTHS AND AT WITHDRAWAL

The method of interest payment will be

BY ADDING TO PRINCIPAL

Renewability

YOU WILL AUTOMATICALLY RENEW MY TIME ACCOUNT
AT MATURITY UNLESS I NOTIFY YOU OTHERWISE.

The Bank is opening the above described Time Account for your deposit of

THIRTY FIVE THOUSAND AND 0/100

\$ 35,000.00

Your name and address

STAR STONE QUARRIES INC. PAYABLE TO THE STATE OF UTAH
4040 S 300 W
MURRAY UT 84107-1411

Taxpayer Identification Number (TIN)

This is a receipt. It need not be presented at the time you obtain payment from the Bank.

04/30/2004 14:21
U0145 02162 Bank# 00119

RECEIVED

JUL -7 2004

DIV OF OIL GAS